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On-Site Coverage of the MESPDW

Military Market

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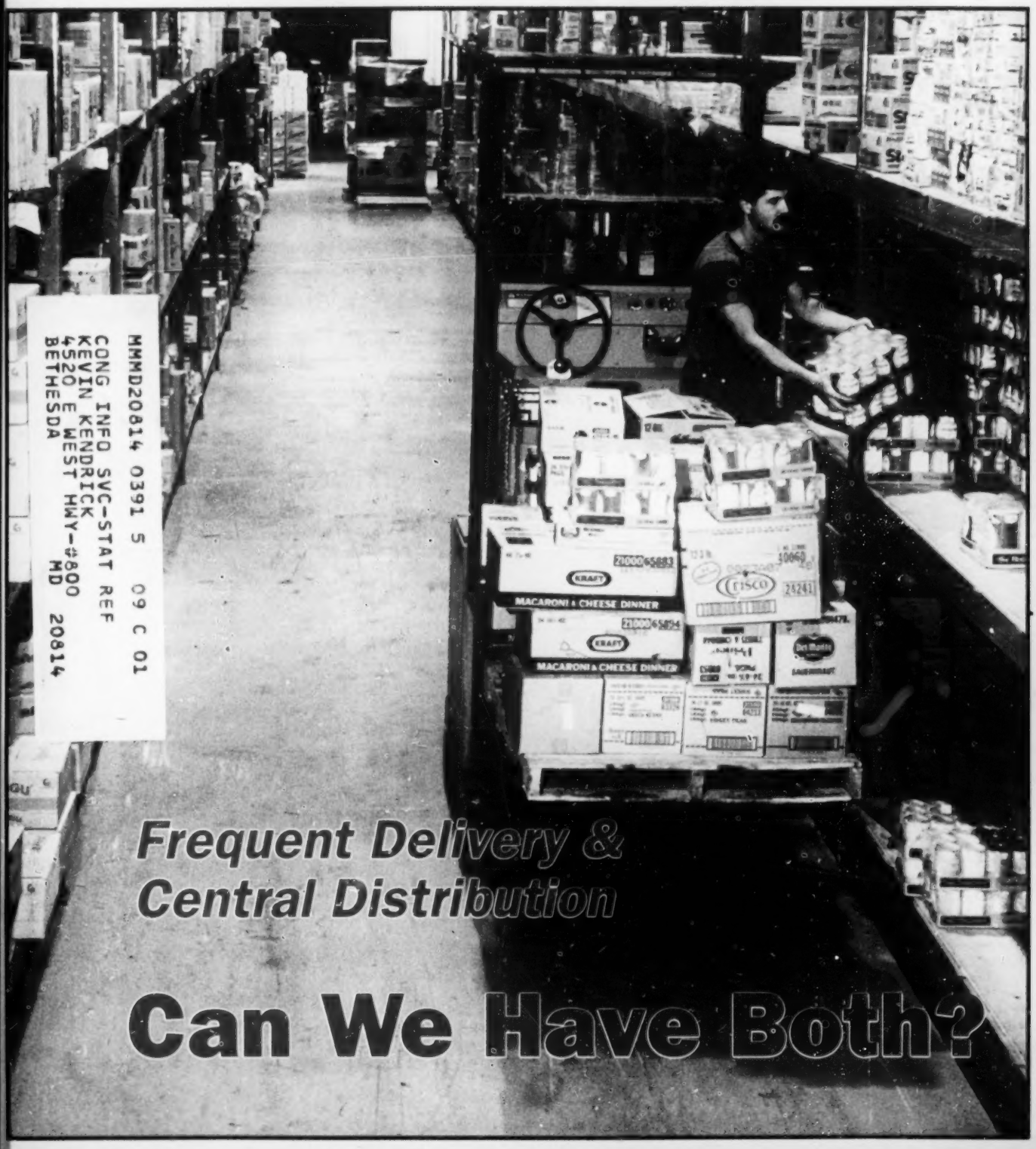

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Frequent Delivery & Central Distribution

Can We Have Both?

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Military Market Index

COMMISSARIES		MAY			YEAR-TO-DATE		
		CY'89	CY'90	% CHANGE	CY'89	CY'90	% CHANGE
	CONUS	$121,905	$134,295	+10.16	$591,680	$637,455	+7.74
	OVERSEAS	43,890	49,035	+11.72	218,400	229,215	+4.95
ARMY	TOTAL	165,795	183,330	+10.58	810,080	866,670	+6.99
	CONUS	177,685	197,897	+11.38	857,794	946,938	+10.39
	OVERSEAS	39,526	42,822	+8.34	186,634	202,498	+8.50
AIR FORCE	TOTAL	217,211	240,719	+10.82	1,044,428	1,149,436	+10.05
	CONUS	65,371	68,502	+4.79	332,763	357,168	+7.33
	OVERSEAS	7,377	7,542	+2.24	36,977	38,531	+4.20
NAVY	TOTAL	72,748	76,044	+4.53	369,740	395,699	+7.02
	CONUS	14,605	16,260	+11.33	71,622	78,059	+8.99
	OVERSEAS	331	296	-10.57	1,609	1,423	-11.56
MARINE CORPS	TOTAL	14,936	16,556	+10.85	73,231	79,482	+8.54
	CONUS	274	294	+7.30	1,394	1,451	+4.09
	OVERSEAS	337	247	-26.71	1,667	1,417	-15.00
COAST GUARD	TOTAL	611	541	-11.46	3,061	2,868	-6.31
	CONUS	$379,840	$417,248	+9.85	$1,855,253	$2,021,071	+8.94
	OVERSEAS	$91,461	$99,942	+9.27	$445,287	$473,084	+6.24
ALL COMMISSARIES	TOTAL	$471,301	$517,190	+9.74	$2,300,540	$2,494,155	+8.42

EXCHANGES		MAY			YEAR-TO-DATE		
	CONUS	$325,569	$343,494	+5.51	$1,432,554	$1,588,017	+10.85
	OVERSEAS	241,080	254,360	+5.51	1,108,733	1,192,921	+7.59
AAFES	TOTAL	566,649	597,854	+5.51	2,541,287	2,780,938	+9.43
	CONUS[2]	929	1,133	+21.96	4,130	5,551	+34.41
	OVERSEAS[2]	1,784	2,266	+27.02	7,354	11,414	+55.21
MAIL ORDER	TOTAL[2]	2,713	3,399	+25.29	11,484	16,965	+47.73
	CONUS[4]	106,520	109,957	+3.23	495,291	522,224	+5.44
	OVERSEAS[4]	42,961	49,358	+14.89	208,555	232,256	+11.36
NAVY	TOTAL[4]	149,481	159,315	+6.58	703,846	754,480	+7.19
	CONUS*	24,789	32,729	+32.03	128,578	150,195	+16.81
	OVERSEAS†	3,979	3,297	-17.14	20,554	17,413	-15.28
MARINE CORPS	TOTAL[2]	28,768	36,026	+25.23	149,132	167,608	+12.39
	CONUS[2]	7,110	7,723	+8.62	34,420	36,429	+5.84
	OVERSEAS[2]	611	648	+6.06	2,988	3,109	+4.05
COAST GUARD	TOTAL[2]	7,721	8,371	+8.42	37,408	39,538	+5.69
	CONUS	$464,917	$495,036	+6.48	$2,094,973	$2,302,416	+9.90
	OVERSEAS	$290,415	$309,929	+6.72	$1,348,184	$1,457,113	+8.08
ALL EXCHANGES	TOTAL	$755,332	$804,965	+6.57	$3,443,157	$3,759,529	+9.19

1) SOURCE: U.S. Department of Commerce. 2) MM estimate, based on official data. 3) Includes consolidated sales for all services, including Coast Guard. 4) Does not include sales of ships stores. * Barstow figures, unavailable at press time, are not included. † Figures for Camp Butler, Iwakuni Japan, Guantanamo Bay Cuba, Rodman Panama, unavailable at press time, are not included. NOTE: Individual figures may not equal totals because of rounding. All sales are expressed in thousands (000), except grocery and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume. Distribution of sales by ConUS and overseas is based on definition by respective service and system. Figures do not include sales tax.

Marty Baumann

SCUTTLEBUTT

☐ **SPLIT DECISION?:** With less than a year left as AAFES commander, Maj. Gen. Jeffery Kahla reportedly doesn't want the responsibility of consolidating the Marines and Navy into AAFES. But UAs just below Kahla are said to be eager to gobble up the two smaller services.

☐ **MORE AD SPENDING:** Navy FSOs are giving 25 percent of their advertising budgets back to Staten Island to let NAVRESSO do more headquarters-directed sale events during 1991.

☐ **TRACKING THE TROOPS:** There's confusion about how many regional operations directors have actually arrived at Dallas's AAFES Operations Center. General Kahla said in PDW opening remarks that three are in place, but AAFES employees at the show booth confidently said only one was stationed in Dallas.

☐ **FAREWELL AND POSSIBLE HAIL:** VCS Director Bob Mantica will probably be taken off VCS's books soon and formally moved to another VA department. This will free VCS of the position so a permanent director can be sought and an early retirement for Mantica can be smoothed.

☐ **STUDY SQUABBLES:** While the Jones II study was mostly non-parochial, not everybody abided by that rule. During some focus group discussions, when Marine or Navy reps made recommendations, some AAFES representatives reportedly called the suggestions "unacceptable," adding that AAFES "will not change" its way of doing business.

☐ **CLEANING UP ON H&BA:** H&BA manufacturers and brokers met during the MESPDW, where about 30 people discussed a new H&BA task force being developed by ALA. Co-chairs are Joe Olding of Webco and Walt Loving of Monarch-Crown, but membership hasn't been decided. The group will review commissary H&BA policies, analyzing MAMI data and comparing it with commercial data. H&BA reps worry that commissaries are trying to squeeze out the H&BA category.

ALA has also scheduled an exchange-oriented H&BA meeting at 5:15 p.m. on Monday, Sept. 17, during the "Exclusively HBA" show in Detroit. Buyers from all the services plan to attend. A civilian retailer will also talk about the current market for H&BA products.

☐ **WHO'S HAPPY NOW?** AAFES didn't announce the standards it used to select the recipients of its first group of vendor appreciation awards — General Kahla admitted they were "highly subjective." Consequently, many suppliers feel they're in the dark about how to compete for the awards the next time around. The anger and confusion were reflected in a joke that circulated 10 minutes after the banquet was over: "So, what do you have now? Twenty-one happy suppliers. And 1,279 who are totally pissed off."

☐ **PROFITABLE PROGRAMS:** The Marines and Coast Guard are finding that vendor co-op money can make for modest profits. The Coasties cleared a couple hundred bucks in co-op dollars from their anniversary promotion, while the Marines made more than $2,500 from their Holiday Gift Giving catalog.

☐ **SOME SMOKE, NO FIRE . . . YET:** New Mexico Democrat Jeff Bingaman was ready to introduce legislation to boost commissary and exchange tobacco prices to commercial retail levels. But as a Senate session wore on late into Saturday, Aug. 4, Bingaman didn't come through. North Carolina Republican Jesse Helms was ready with his own counter amendment.

The House and Senate Versions of the Defense Authorization Bill

One difference the House/Senate conference committee will have to work out is each service's share of military personnel cuts, congressional aides say. The Army takes the largest cuts in both House and Senate plans, but the difference in the relative burdens do shift between the bills. The chart below shows how many billets each service would lose under the Senate and House bills, what percentage of the existing force that cut represents (in parenthesis), and what percentage of the overall force cut the service would bear.

		SENATE VERSION		HOUSE VERSION	
	Current Strength	Proposed cut	% of overall cut	Number cut	% of overall cut
Navy	590,501	22,000 (-3.7%)	22	20,000 (-3.4%)	15.4
Army	744,169	40,000 (-5.4%)	40	68,500 (-9.2%)	52.9
Air Force	545,000	35,000 (-6.4%)	35	36,500 (-6.7%)	28.2
Marines	196,735	3,000 (-1.5%)	3	4,500 (-2.3%)	3.6
TOTAL	**2,076,405**	**100,000 (-4.8%)**	**100**	**129,500 (-6.2%)**	**100.0**

NOTE

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